

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

ACDA-07 TRSE-00 SAJ-01 ABF-01 OMB-01 EB-07 COME-00

AID-05 IGA-02 MC-02 /085 W

----- 115159

R 121635Z JUL 76

FM AMEMBASSY REYKJAVIK

TO SECSTATE WASHDC 6450

INFO COMICEDEFOR

CINCLANT

AMEMBASSY COPENHAGEN

AMEMBASSY LONDON

AMEMBASSY OSLO

USNATO 1460

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E.O. 11652: N/A

TAGS: MARR, PFOR, IC

SUBJECT: CONTINUING DISCUSSION OF AID PROPOSALS

REF: REYKJAVIK 0897 (251515Z JUN 76)

1. AT WEEKEND SOCIAL AFFAIR, CHARGE HAD OPPORTUNITY TO DISCUSS RECENT SPATE OF "DEMANDS" THAT USG PROVIDE ICELAND WITH SOME SORT OF INCREASED ECONOMIC BENEFITS IN RETURN FOR USE OF BASE WITH BJORN BJARNASBN, FOREIGN AFFAIRS AIDE TO PRIME MINISTER HALLGRIMSSON. CHARGE ASKED FOR EVALUATION OF PRIMIN'S OFFICE OF CAMPAIGN AND HOW SERIOUSLY IT SHOULD BE TAKEN. BJARNASON SAID HE BELIEVED "ISSUE HAS PEAKED" AND ONLY ONE MAVERICK NEWSPAPER IS TRYING TO KEEP IT BEFORE PUBLIC. HOWEVER, HE THOUGHT IT "NOT SURPRISING IN VIEW OF THE EVENTS OF THE LAST SIX MONTHS" THAT SUCH DEMANDS SHOULD HAVE BEEN MADE AND CAMPAIGN WAS ONLY DORMANT, NOT DEAD.

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2. CHARGE SAID IT STRUCK HIM THAT MANY OF THINGS BEING RAISED BY PRESS (SUCH AS DEMAND THAT USG PAY IMPORT DUTY ON ITEMS BROUGHT TO ICELAND) WOULD REQUIRE RENEGOTIATION OF AGREEMENT OF 1951 AND HE WOULD THINK PRESENT GOVERNMENT WOULD NOT WANT TO REOPEN WHOLE SUBJECT OF NEGOTIATIONS WITH USG. BJARNASON AGREED VEHEMENTLY BUT SAID WE COULD EXPECT TO HEAR MORE ALONG LINES OF ASSISTANCE IN CIVIL AVIATION MATTERS AND INCREASED PAYMENTS FOR SERVICES BASE RECEIVES. HE CITED, AS HAD FONMIN AGUSTSSON, ALLEGED AGREEMENT IN 1951 THAT FIXED AMOUNT IN KRONUR WOULD BE PAID BY BASE FOR USE OF ICELANDIC ROADS AND SAID THAT BECAUSE OF CHANGES IN VALUE OF KRONUR "IT IS OBVIOUS" THAT AGREEMENT SHOULD BE REVISED.

3. DAILY DAGBLADID HAS REGULARLY CONTINUED EDITORIALS AND ARTICLES ATTEMPTING TO SHOW GOI POLITICIANS ARE BEING SHORT-SIGHTED IN NOT DEMANDING WHAT OTHER COUNTRIES ARE GETTING. ISSUE JULY 10 CLAIMED THAT BETWEEN 1952 AND 1973 NORWAY HAS RECEIVED EQUIVALENT OF 305 BILLION ICELANDIC KRONUR (EXCHANGE RATE NOT SPECIFIED) FROM NATO, CANADA AND USG IN ECONOMIC AND MILITARY AID FOR SUCH "DEFENSE RELATED" ITEMS AS CONSTRUCTION OF ROADS AND AIRFIELDS. INFO SUPPOSED TO HAVE COME FROM BOOK "NORWAY AND NATO" BY CHRIS PREBENSEN AND PRESUMABLY REFERS TO NATO INFRASTRUCTURE FUNDING. DAGBLADID ARTICLE OBVIOUSLY INTENDED TO WHET LOCAL APPETITES AND WAS FOLLOWED BY EDITORIAL SAYING THAT JUST AS ICELANDIC INDEPENDENCE HAD NOT BEEN HARMED BY RECEIPT OF MARSHALL AID FUNDS, SO DEMANDING RENTAL PAYMENTS AND OTHER AID FROM USG AND NATO WOULD NOT MAKE ICELAND TOO DEPENDENT ON OTHER COUNTRIES.

4. PROGRESSIVE PARTY TIMINN HAS CONSISTENTLY TAKEN OPPOSITE STAND WITH EDITORIALS ARGUING THAT INDEPENDENCE OF COUNTRY CAN BE ASSURED ONLY BY INCREASING COUNTRY'S OWN PRODUCTIVITY AND ICELAND DID NOT GO THROUGH LONG INDEPENDENCE STRUGGLE ONLY TO "SELL THAT INDEPENDENCE TO SOMEONE ELSE." TIMINN CONDITIONS ITS PURITY, HOWEVER, BY HINTS THAT BASE PERSONNEL SHOULD PAY TAXES TO COMMUNITIES IN WHICH THEY LIVE, BASE SHOULD PAY FULL PRICE (NOT SUBSIDIZED MARKET PRICE) FOR DAIRY PRODUCTS, AND THAT BASE SHOULD PAY IMPORT DUTIES.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PFOR
Control Number: n/a
Copy: SINGLE
Draft Date: 12 JUL 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: coburnhl
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976REYKJA00942
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: REYKJAVIK
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760766/aaaacgaf.tel
Line Count: 108
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 REYKJAVIK 0897 (251515Z JUN 76)
Review Action: RELEASED, APPROVED
Review Authority: coburnhl
Review Comment: n/a
Review Content Flags:
Review Date: 07 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <07 APR 2004 by BoyleJA>; APPROVED <06 AUG 2004 by coburnhl>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CONTINUING DISCUSSION OF AID PROPOSALS
TAGS: MARR, IC
To: SECSTATE WASHDC COMICEDEFOR CINCLANT COPENHAGEN LONDON OSLO USNATO
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006